



## Fact Sheet

U.S. Department of Agriculture  
Foreign Agricultural Service  
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### *Permanent Normal Trade Relations with China* **What's at Stake for Louisiana?**

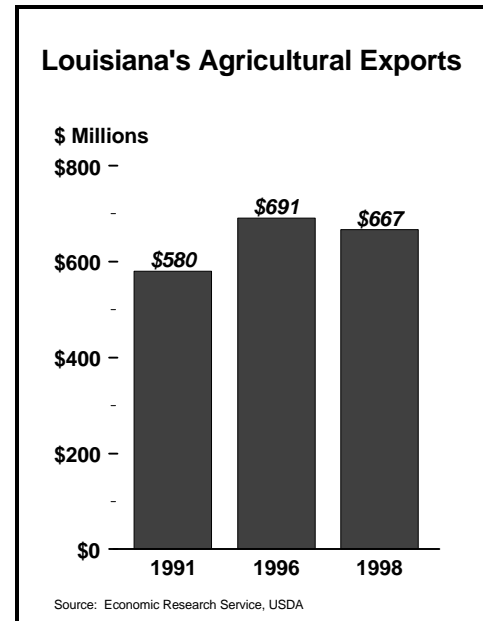
Louisiana produces agricultural, solid wood, and fishery products that are exported worldwide. In 1998, its farm cash receipts and commercial fish landings/aquaculture production totaled \$1.9 billion and \$344 million, respectively. Forest industry shipments were \$1.8 billion in 1996. As for exports, the value of agricultural products leaving the state was estimated at \$667 million in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

#### **Trade Benefits**

The following key products are important to Louisiana, and expected to reap some of the largest agricultural export gains from China's accession to the World Trade Organization (WTO).

# **Rice**—As the nation's 3<sup>rd</sup> largest rice grower, Louisiana's rice exports worldwide were estimated at \$169 million in 1998. China is the world's largest and one of the lowest cost rice producers. China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process thereby opening up opportunities for U.S. exporters. China's commitment to end export subsidies will reduce its price competitiveness in other Asian markets, such as Japan and Korea. With respect to its own market, China committed to a nominal 1-percent tariff on all rice imported within a tariff-rate quota (TRQ). The TRQ on rice will be initially set at 2.66 million metric tons and grow to 5.32 million metric tons by 2004. Half the TRQ will be for short- and medium-grain rice, with the share for private traders set at 50 percent, and half the TRQ will be for long-grain rice, with the share for private traders set at 10 percent. In 1998, China imported around 250,000 metric tons of rice from all countries.

# **Cotton**—As one of the top ten cotton-producing states, Louisiana's cotton exports worldwide were estimated at \$134 million in 1998. China is the world's largest consumer and producer of cotton, and one of the largest overseas markets for U.S. cotton. Under its WTO accession agreement, China will establish a tariff-rate quota (TRQ) on cotton of 743,000 metric tons, which will grow to 894,000 metric tons by 2004. Imports under the TRQ will be charged a nominal 1-percent tariff and private traders will be permitted to handle two-thirds of imports under the TRQ. In 1998, China imported less than 200,000 metric tons of cotton from all countries. China's commitment to end export subsidies will reduce its price competitiveness in other markets.



- # **Soybeans and Products**—As an important soybean-growing state, Louisiana's soybeans and product exports worldwide were estimated at \$131 million in 1998. China is the world's largest growth market for soybeans and products, and has taken important steps under its WTO accession agreement to open its market to these products. Tariffs will be bound at a low 3 percent on soybeans and 5 percent on soybean meal with no quota limits. For soybean oil, the tariff will drop to 9 percent, and the tariff-rate quota and state trading will be eliminated by 2006.
- # **Solid Wood Products**—Louisiana's lumber industry is important to its economy. Spurred by the elimination of certain tariffs on logs and lumber in the 1990's, China has emerged as the world's third largest wood importer. U.S. value-added wood exports to China are at record levels. Under its WTO accession agreement, China will substantially reduce its remaining tariffs on value-added wood products by 2004. Tariffs on plywood will drop from 15 percent to 4 percent. Existing tariffs set at 18 percent on particleboard, oriented strandboard, doors, windows, and flooring will drop to 4 percent, and fiberboard tariffs, currently ranging from 12-18 percent, will drop to 4-7.5 percent.